

NCERT Solution for Class 11 Accountancy Chapter 12 - Applications of Computers in Accounting

Short Questions for NCERT Accountancy Solutions Class 11 Chapter 12

1. State the different elements of a computer system.

These 6 elements comprises a computer system

1. Hardware: It consists of the physical modules that make up a computer. Examples are: Processor, Monitor, Keyboard, Mouse etc. The primary function is to receive input commands.
2. Software: This refers to a set of programs that helps a computer perform basic tasks and commands as provided by user. Two main categories of software are: a) System software b) Application Software
3. People: This element comprises of individuals or users that communicate with the system by using software and hardware.
4. Data: The text, numbers and graphics are pieces of information and is known as data in computer parlance.
5. Procedures: It refers to those operations that are designed to be executed in an orderly manner to produce a desired result. It can be of three types: hardware oriented, software oriented and internal.
6. Connectivity: The way in which a computer system gets connected with other devices like phone, printer, modem etc. by different technologies such as internet, Bluetooth or Wi-Fi is called connectivity.

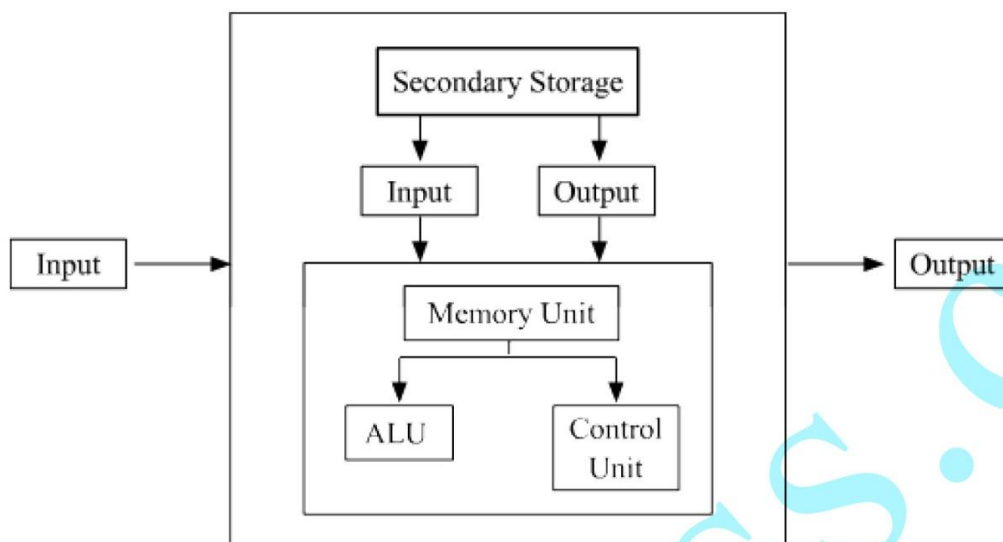
2. List the distinctive advantages of a computer system over a manual system.

Following advantages are there:

1. Accuracy
2. Storage capacity
3. High Speed
4. Versatility
5. Reliability

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3. Draw block diagram showing the main components of a computer.



4. Give three examples of a Transaction Processing System.

A computerised system that is useful in recording, processing, storing and validating routine transaction that take place in a business on a day-to-day basis is known as transaction processing system. Some well-known examples are:

1. **Payroll Applications:** Such applications process transactions with the help of online and terminal process. The most common uses of such systems are for payroll preparation or processing employee salary.
2. **Order Processing:** Here orders gets processed to proceed with invoicing, inventory control and account receivables. Order details are received from mails, phone calls or by manual input. This system is used worldwide for online booking for hotels, flights etc.
3. **ATM (Automated Teller Machine):** These devices manage high volume transactions using sophisticated technology.

5. State the relationship between Information and Decision.

An organisation comprises of different types of units involved in decision making. Every department takes individual decisions to attain the preferred common objectives of organisation. An organisation needs to draft plans, set common target and devise policies. All these events are established on the information (data) which is derived from past experience and anticipating future conditions. On the basis of such information an organisation allocates resources and works towards achieving targets. Therefore, it can be said that information helps in decision making, and previously taken decisions creates a source of information in future.

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6. What is Accounting Information System?

An information system that requires collection, storage and processing of accounting and financial data that can be used by internal users to communicate information to shareholders, creditors. It uses computer based method for recording accounting information based on the accounting principles. The information is recorded in such a way that it can be retrieved for decision making by the internal management. It can include items such as a simple ledger to other complex items like costing, financial reports.

7. State the various essential features of an accounting report.

An accounting report should contain these essential features

1. Relevance
2. Timeliness
3. Accuracy
4. Completeness
5. Conciseness

8. Name three components of a Transaction Processing System.

Transaction processing system comprises of these three components:

1. Input: It consists of source documents such as invoices, purchase orders that act as inputs to the system.
2. Storage: The system stores the fed data in portable storage system in the form of hard disk.
3. Output: The data that is stored can be retrieved and used to study as and when such a need arises.

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9. Give example of the relationship between a Human Resource Information System and MIS.

MIS is an organised system that collects, processes, stores and disseminates data as information to help in decision making. The function of HRIS is to maintain employee records and prepare documents related to salaries and wages payable to employees. In an organisation, HRIS supplies essential information related to employees such as skills, qualification, experiences and MIS utilizes this information to take suitable decisions such as which department to allot, promotion and increment of employees.

Long Questions for NCERT Accountancy Solutions Class 11 Chapter 12

1. An organisation is a collection of interdependent decision-making units that exists to pursue organisational objectives. In the light of this statement, explain the relationship between information and decisions. Also explain the role of Transaction Processing System in facilitating the decision-making process in business organisations.

An organisation comprises of different types of units involved in decision making. Every department takes individual decisions to achieve the desired shared objectives of organisation. An organisation needs to draft plans, set common target and devise policies. All such activities are based on the information (data) which is derived from past experience and anticipating future conditions. On the basis of such information an administration assigns resources and works towards achieving targets. Therefore, it can be said that information helps in decision making, and previously taken decisions creates a source of information in future.

Transaction processing systems are an important part of business operations. They are involved in processing of transactions of a business. The different processes involved are:

1. Collecting Data: The role of TPS is to collect data which may be in the form of manual entry, point of sale machines and scanners.
2. Editing Data: Checking the data for the correctness, accuracy
3. Validation of Data: Verifying data and rectifying errors if detected.
4. Manipulating Data: Processing and analysing of data based on pre-designated design.
5. Storage of Data: The process of storing of data so that it can be accessed anytime.
6. Report Generation: This involves creating reports and presenting data in a designated format which can either be hardcopy or softcopy.
7. Query Support: It refers to users of TPS who can raise a query and extract the same data to get meaningful report.

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2. Explain, using examples, the relationship between the organisational MIS and the other functional information system in an organisation. Describe how AIS receives and provides information to other functional MIS.

MIS is an information system that generates and analyses reports to provide accurate and timely report to management which will be used to make decisions.

AIS is an information recording system that is maintained by a business for identifying, collecting, processing and generating information about business organisation and presenting the same information to different users of the information.

AIS maintains a relationship with other information systems such as HRIS, Marketing Information System and Manufacturing Information System.

We know that an organisation has several departments for pursuing different type of functions to ensure smooth functioning of the business. For example AIS or accounting information system takes care of finance related decisions while the HR department is responsible for maintaining employee records and preparing payroll and salary structure for the employees. Similarly qualification, skills and experience are supplied by HR department to be used by manufacturing department and allot them accordingly.

Similarly, manufacturing department prepares list of items based on requirement and account department processes the order. Therefore it can be seen that AIS has relations with all the departments of an organisation.

3. 'An accounting report is essential report which must be able to fulfil certain basic criteria'. Explain? List the various types of accounting reports.

Data manipulated and processed in a way that is grasped by user without any complexity becomes information. This information is further refined to create a report. Content and the report design depends upon the management level in which it gets submitted. Decisions are taken on the basis of the reports prepared. An accounting report must fulfil the following criteria:

1. Accuracy
2. Relevance
3. Completeness
4. Timeliness
5. Summarisation

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Following types of reports are seen in accounting

1. Demand Reports: These are the reports that are prepared on the managements' need and request. Money report. Eg: Money report.
2. Summary Reports: Reports which summarise the activities happening in an organisation. Example, Profit and Loss Account.
3. Customer/Supplier Reports: Reports prepared as issued by management detailing various information of suppliers. Example: Report of 5 best customers.
4. Responsibility Reports- Reports prepared by managers responsible for individual departments. Example, Purchase Manager submits a report regarding different aspects of purchase.
5. Exception Reports: Reports prepared with a purpose containing conditions and exceptions. Inventory Status Report.

4. Describe the various elements of a computer system and explain the distinctive features of a computer system and manual system.

These 6 elements comprises a computer system

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Distinguishing features of computer and manual system are:

1. Accuracy- Calculations and operations performed by a computer system is very accurate. Errors are detected due to wrong input of data or wrong command by user. In a manual system the results created by the humans are prone to more errors.
2. Speed- Computer performs calculation faster as compared to human brain. It executes task in a faster way than manual system.
3. Reliability: A Computer can work on any condition and are very reliable as compared to human beings.
4. Versatility: The computer is created with the purpose of performing variety of tasks simultaneously, whereas human beings cannot match that speed and versatility.
5. Storage: All computers are having storage capacity to store all the information and these information can be accessed anytime, anywhere. In manual system storage of documents is cumbersome and takes long time.